

EDMONDS CITY COUNCIL APPROVED MINUTES

May 27, 2008

Following a Special Meeting at 6:30 p.m. for setting negotiation parameters for real estate acquisition, the Edmonds City Council meeting was called to order at 7:00 p.m. by Mayor Haakenson in the Council Chambers, 250 5th Avenue North, Edmonds. The meeting was opened with the flag salute.

ELECTED OFFICIALS PRESENT

Gary Haakenson, Mayor
Michael Plunkett, Council President
Peggy Pritchard Olson, Councilmember
Steve Bernheim, Councilmember
D. J. Wilson, Councilmember
Deanna Dawson, Councilmember
Dave Orvis, Councilmember
Ron Wambolt, Councilmember

STAFF PRESENT

Al Compaan, Police Chief
Duane Bowman, Development Serv. Director
Stephen Clifton, Community Services Director
Dan Clements, Administrative Services Director
Brian McIntosh, Parks & Recreation Director
Noel Miller, Public Works Director
Rob Chave, Planning Manager
Scott Snyder, City Attorney
Linda Hynd, Deputy City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

Approve
Agenda

COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER OLSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

2. CONSENT AGENDA ITEMS

Councilmember Wambolt requested Item J be removed from the Consent Agenda and Councilmember Bernheim requested Item H be removed.

COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER OLSON, FOR APPROVAL OF THE REMAINDER OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

Roll Call

A. ROLL CALL

Approve
5/20/08
Minutes

B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF MAY 20, 2008

Approve
Claim
Checks

C. APPROVAL OF CLAIM CHECKS #104402 THROUGH #104565 FOR MAY 22, 2008 IN THE AMOUNT OF \$706,197.67. APPROVAL OF PAYROLL DIRECT DEPOSITS AND CHECKS #46539 THROUGH #46592 FOR THE PERIOD OF MAY 1 THROUGH MAY 15, 2008 IN THE AMOUNT OF \$792,476.96

Approve
Claim for
Damages

D. ACKNOWLEDGE RECEIPT OF CLAIM FOR DAMAGES FROM MICHAEL PALMER (AMOUNT UNDETERMINED)

E. POLICE DEPARTMENT MULTIYEAR PLAN 2008-2012

Police Collective
Bargaining
Agreement

- F. APPROVAL OF POLICE COLLECTIVE BARGAINING AGREEMENT - COMMISSIONED MEMBERS**

Local Union No.
763 Collective
Bargaining
Agreement

- G. APPROVAL OF COLLECTIVE BARGAINING AGREEMENT BETWEEN CITY OF EDMONDS AND THE PUBLIC, PROFESSIONAL AND OFFICE-CLERICAL EMPLOYEES AND DRIVERS LOCAL UNION #763 (TEAMSTERS)**

License for Low
Fare Airport Taxi

- I. APPROVAL OF 2008 TAXICAB OPERATOR'S LICENSE FOR LOW FARE AIRPORT AND LOCAL FOR HIRE VEHICLE**

ITEM H: APPROVAL OF ORDINANCE AMENDING THE PROVISIONS OF ORDINANCE NO. 3622 TO INCREASE THE SALARY OF THE MAYOR, EFFECTIVE JULY 1, 2008 AND JULY 1, 2009

Mayor's Salary

COUNCILMEMBER BERNHEIM MOVED TO TABLE THIS ITEM. MOTION DIED FOR LACK OF A SECOND.

COUNCILMEMBER BERNHEIM MOVED, SECONDED BY COUNCILMEMBER DAWSON, THAT THE SALARY INCREASE FOR THE MAYOR TAKE EFFECT JULY 1, 2012 AND JULY 1, 2013.

Councilmember Bernheim commented this would result in \$25,000 in savings by not increasing the salary of the current Mayor who was elected knowing what the salary was and who did not ask for this increase.

Councilmember Wambolt explained the Salary Commission considered a great deal of relevant data and correctly concluded the Mayor's salary was in the 39th percentile; the City's policy has been to pay at the 50th percentile. The Salary Commission's recommendation was to increase the Mayor's salary by 3.5% on July 1, 2008 and 3.5% on July 1, 2009; at that rate the salary would never reach the 50th percentile. For that reason, five Councilmembers approved the proposed salary increase last week. He summarized accepting the Salary Commission's recommendation was a rubberstamp and not doing what the Council was elected to do –assess issues and make their own judgment.

Council President Plunkett expressed support for the motion, cautioning against personalizing the salary increase by stating this Mayor knew what the salary would be. He explained the discussion had nothing to do with Mayor Haakenson but with the position of Mayor and that position should be paid comparable to Mayors in comparable cities.

Councilmember Dawson agreed the discussion was the appropriate salary for the office of the Mayor and not specifically the current Mayor. She noted the proposed ordinance would result in Edmonds' Mayor being paid higher than any other elected Mayor for a City of Edmonds' size in the region and place the Mayor's salary closer to cities such as Everett or Seattle. She noted the Salary Commission's recommendation, a 3.5% COLA and \$400 per month in deferred compensation, would put the Mayor's salary in the 50th percentile for elected Mayors and City Managers. She noted the salary proposed by Councilmember Wambolt and contained in the ordinance would pay the Mayor similar to a City Manager. Although she acknowledged there were similarities between Mayors and City Managers, the increase contained in the ordinance would place the Mayor's salary so far ahead of other Mayors in the region as to be "out of whack."

She agreed elected officials did not get paid what they should for the work they do, however, that was the nature of being an elected official; their salaries were not comparable to the private sector. As compared to the fulltime Mayors of Lynnwood or Marysville, the proposed salary would be vastly higher. She suggested if the Council was inclined not to accept the Salary Commission's recommendation, the issue

be referred to the Finance Committee for further consideration of what other Mayors in the region are paid. She noted this increase, if approved, would make Edmonds Mayor the fourth highest paid Mayor in the State. She indicated she would not support the proposed ordinance.

Councilmember Bernheim explained the plan was to increase the Mayor's salary by \$12,000 in July 1, 2008 and another \$12,000 the following year and the Mayor would not be assuming any additional responsibilities as a condition of this gratuitous increase. He noted one of the few arguments offered by the supporters of this increase was it would attract qualified people to run for Mayor during the next election. He emphasized an additional \$25,000 was not needed to attract people to the position because people ran for the office of Mayor not for the health benefits or the salary, but because they wanted to be Mayor. He commented he considered running but decided not to and plenty of other competent people did run and it was unnecessary to offer a salary of \$150,000 per year.

He explained this was a step for responsible government; to hold salaries of elected officials in times of economic belt-tightening. He disagreed the Council was rubberstamping the Salary Commission's recommendation; the Council rejected the Salary Commission's recommendation and offered a gratuitous wage increase that was not requested and not conceived of by anyone else other than Councilmember Wambolt prior to the meeting. He pointed out the intent of the L5 policy, paying salaries at parity, was to keep employees happy; there was no need to keep the Mayor happy as his salary was what he expected to receive when he ran for election. He preferred to spend the additional money on developing a native plant garden at the Arts Center. He agreed the discussion was not personal and did not see a need for a salary increase in this instance. He noted the Salary Commission would meet again in two years and could change their recommendation at that time. He concluded the salaries paid by comparable cities was not a consideration in times of economic belt-tightening.

Councilmember Wambolt commented this did not need to be returned to the Finance Committee; the Council received all the materials reviewed by the Salary Commission and had ample time to study them. He reviewed the materials and based on his experience reached the conclusion that led to his motion. He relayed that people have asked him if he planned to run for Mayor in four years and was that why he proposed the salary increase. Councilmember Wambolt assured he would never run for Mayor. He noted Councilmember Bernheim had no experience in the industry. Even when times were tough, organizations set their pay scales at an appropriate level to ensure fairness. He learned early in his career that it was not the amount of money people were paid that motivated them; it was the level of fairness to other employees. Twelve of the Mayor's staff have higher salaries than the Mayor. He agreed this discussion was not regarding Mayor Haakenson but the position of Mayor.

To Councilmember Dawson, he pointed out when comparing the salaries of Mayors and City Manager in comparable cities, Edmonds' Mayor's salary was in the 39th percentile and 3.5% or approximately \$3,500 and an additional \$400 in deferred compensation would not bring that salary near the 50th percentile.

Councilmember Dawson emphasized government was different than the private sector; there were many staff members whose salaries were higher than the County Executive, the Governor, etc. That was the nature of the position because those officials must live within their jurisdictions versus City Managers or Directors who could be recruited on the open market. She anticipated the salary of every Director in Snohomish County was higher than the County Executive's salary. The proposed salary increase would put Edmonds' Mayor's salary out of whack with other elected officials in the region and would pay the Edmonds Mayor more than the Lieutenant Governor, more than virtually all elected officials in Snohomish County. She did not object to a reasonable salary but did object to establishing the Mayor's salary at a level far above any other elected official. She noted that information, what other elected officials were paid, may not have been before the Council when they made their decision last week.

Councilmember Dawson explained the L5 policy did not average salaries; it compared salaries and established a rate that was in the middle. The Salary Commission's recommendation would place the Mayor's salary at the median of the other cities. She urged the Council to reconsider the increase for the office of the Mayor.

Councilmember Bernheim assured his challenge of the 25% increase in the Mayor's salary was not an attack on Mayor Haakenson and assured he felt Mayor Haakenson was a great Mayor. With regard to fairness, he questioned the argument that it was fair to increase the Mayor's salary because a majority of the Council felt he deserved it. He summarized the proposed increase was an unrequested, gratuitous donation of public taxes in an era of belt-tightening and urged the Council to support his amendment.

Councilmember Wambolt referred to Councilmember Bernheim's comment that the salary increase was not appropriate due to the City's tight financial situation, commenting that philosophy had not been applied to any other employee's salary.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCIL PRESIDENT PLUNKETT AND COUNCILMEMBERS BERNHEIM AND DAWSON IN FAVOR; AND COUNCILMEMBERS WILSON, OLSON, ORVIS AND WAMBOLT OPPOSED.

COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER OLSON, FOR APPROVAL OF ITEM H. UPON ROLL CALL, MOTION CARRIED (5-2), COUNCIL PRESIDENT PLUNKETT AND COUNCILMEMBERS OLSON, WAMBOLT, WILSON, AND ORVIS IN FAVOR; AND COUNCILMEMBERS DAWSON AND BERNHEIM OPPOSED. The item approved is as follows:

APPROVAL OF ORDINANCE AMENDING THE PROVISIONS OF ORDINANCE NO. 3622 TO INCREASE THE SALARY OF THE MAYOR, EFFECTIVE JULY 1, 2008 AND JULY 1, 2009

ITEM J: ORDINANCE AMENDING THE PROVISIONS OF ORDINANCE NO. 3410 TO PROVIDE FOR THE COMPENSATION OF COUNCIL MEMBERS ELECTED AND TAKING OFFICE ON OR AFTER JANUARY 1, 2010

Councilmember Wambolt pulled this item to vote against it.

Compensation
of Council
Members

COUNCILMEMBER BERNHEIM MOVED, SECONDED BY COUNCIL PRESIDENT PLUNKETT, FOR APPROVAL OF ITEM J. UPON ROLL CALL, MOTION CARRIED ((4-3), COUNCILMEMBERS BERNHEIM, ORVIS, DAWSON AND COUNCIL PRESIDENT PLUNKETT IN FAVOR; AND COUNCILMEMBERS WAMBOLT, WILSON AND OLSON OPPOSED. The item approved is as follows:

J. ORDINANCE AMENDING THE PROVISIONS OF ORDINANCE NO. 3410 TO PROVIDE FOR THE COMPENSATION OF COUNCIL MEMBERS ELECTED AND TAKING OFFICE ON OR AFTER JANUARY 1, 2010

3. PRESENTATION ON THE DALE TURNER FAMILY YMCA

Dale
Turner
YMCA

Vern Chase, YMCA Executive Board Member, introduced incoming YMCA Board Chair Michael Schultz, Executive Director Courtney Whitaker, Development Director Stacy Segal and Daybreaker Rotarian Marisa Gallier.

Mr. Chase explained the \$19.5 million family YMCA located on Hwy. 99 south of the Snohomish County line was scheduled to open this fall. He participated on the Search Committee for a new YMCA for over seven years to find the right site for a family YMCA that would meet the needs of their service area - north Seattle to Lynnwood to Edmonds to Lake Forest Park. To ensure they were meeting the needs of

the community, gaining the financial support of the leaders in the area and were a true partner with the public and private groups in the area, the site needed to be visible and in a convenient location. He provided a brief fly-through video that highlighted the key programmatic spaces in the new YMCA that include an aquatic center, family center, and total health center.

Incoming YMCA Board Chair Michael Schultz commented on the positive impact of YMCA programs on youth in the Edmonds community. He recognized that no one organization or City program could support the diversity of community needs. He described YMCA school-based programs that serve more than 200 elementary and 50 middle school students each day. In addition, over 40 teens participate in leadership clubs each month. The new facility will allow further development of these programs and provide opportunities for children, teens and adults to gather in one location. He summarized they were proud of the impacts the YMCA was having in the area and hoped Edmonds residents would find a place for themselves in the new YMCA's wellness, family and aquatic programs. He looked forward to working with Edmonds staff and elected leadership to determine if there were collaborations and joint ventures to better serve the residents of Edmonds.

Executive Director Courtney Whitaker displayed a rendering of the outside of the building located on Hwy. 99 south of the County line between Sky Nursery and Costco. They broke ground July 2007 and expect to be open by fall 2008. She displayed floorplans, identifying the aquatics center that includes recreation and place space, fitness space, a therapeutic hot tub, and is handicap accessible. She identified the youth development center, open and free to teen members of the community that offered leadership, computer technology, health, etc. as well as designated teen/youth exercise space. The facility includes a 21-foot climbing pinnacle, a family center offering a variety of activities for all ages and a total health center. She concluded although the building was nearly complete, they had not yet finalized programming. She looked forward to discussions with Edmonds Park and Recreation staff to identify needs they could partner on to ensure a broad base of programming was available to the community.

Mr. Chase commented they had raised a great deal of money and were well positioned to meet the unique needs of the community. As a member of the Chamber of Commerce's Economic Development Committee, he recognized the new YMCA would enhance Edmonds' quality of life and add to Edmonds' attractiveness as a great place to work and live. He looked forward to collaborating with the City of Edmonds.

Councilmember Olson expressed her pleasure that the facility was named after Reverend Dale Turner, one of the most amazing people she has ever known. Ms. Whitaker commented they were excited to be able to honor the memory of the late Reverend Dale Turner, a Minister at the University Congregational Church, and religion columnist for the *Seattle Times* for 19 years, resident of the service and a lifetime board member of the YMCA of greater Seattle.

Councilmember Wambolt asked the size of the pool. Ms. Whitaker answered it was 25 yards.

Councilmember Wilson commented the facility was very impressive and he wished it could have been constructed within Edmonds. Ms. Whitaker assured they tried to site the facility in Edmonds.

Mayor Haakenson echoed Councilmember Olson's comments regarding Reverend Whitaker.

4. AUDIENCE COMMENTS

Lora Petso, Edmonds, referred to Councilmember Wilson's comment last week regarding whether the revised Park Plan was less ambitious than the previous Plan and provided the following as evidence it clearly was less ambitious.

Item	2001 Plan	2008 Plan
Pool	Develop a pool, fixed location	Strong interest, maybe
Neighborhood Park acres/1,000 pop.	.95	.71
Neighborhood Park size	5 acres	1-5 acres
Planned Acquisition	7 sites, average size 3 acres	6 sites, average size 2 acres
Community Park acquisition	3 sites, 2-mile service area	1 site, 5-mile service area
Community Park service area	2 miles	5 miles
Community Park acres/1,000 pop.	2.61	2.03
Regional Park acres/1,000 pop.	1.08	1.96
Special Use Area/1,000 pop.	.98	.71
Open Space/1,000 pop.	6.1	5.86

Virginia Redfield, Edmonds, commended the Council for listening to the input from the community regarding the redevelopment of the waterfront property and submitting the idea for a bond issue to purchase the property. She expressed her support for that effort.

Jim Lockhart, Edmonds, expressed interest in the modernization of the waterfront property. He pointed out the City had a unique opportunity to create an attractive, enduring, signature development as a gateway to the City that would also serve as a neighborhood destination for citizens. He expressed his support for the Council's effort to submit a bond proposal to finance the purchase of the waterfront property.

Jim Hills, Edmonds, President, Edmonds Chamber of Commerce, representing the 430 members, expressed the Chamber's support for a process guided by reasoned standards that represent the best interest of the City, residents and businesses and ensured the best and most sustainable uses. They urged the Council to develop specific criteria to address the long term fiscal feasibility of any project, noting the economic realities of any proposal must be carefully considered in light of the City's current financial standing and potential impacts on residents, businesses and taxpayers. For example, should the City pursue purchasing the site for any eventual use, it was important to consider both short and long term costs including the initial purchase price, demolition of existing structures, construction costs and future annual maintenance. Further, if the City purchased the property, there must be assurance that future needed/desired infrastructure improvements could be funded. He pointed out revenue should also be a factor in the Council's discussion should any future use preclude or reduce the tax revenue from the site. He summarized the Chamber's position was not opposition to any proposal, rather they supported establishing and applying reasonable guidelines for each proposal considered by the Council.

David Arista, Edmonds, Downtown Edmonds Merchants Association, expressed the Association's support for the Chamber's statement. In response to comments that the merchants did not support a mixed use/commercial/retail space on the Harbor Square/Antique Mall properties, he assured the merchants felt such a development would not be competition but help draw visitors to Edmonds.

Roger Oliver, Edmonds, expressed concern with dangerous sidewalks, lack of curb cuts, and dangerous curb cuts, citing the area from 3rd & Howell, north to Walnut, east to 5th, south to Howell Way and to the Port was an example. He noted many of the hazards would not be obvious to an able-bodied person but presented a danger to him while traveling in his motorized chair. He invited two Councilmembers to accompany him to view the hazards. Mayor Haakenson suggested Public Works Director Noel Miller accompany Mr. Oliver.

Fred Bell, Edmonds, President, Edmonds Historic Society, described efforts to save the 107-year old building at the corner of 6th & Main including articles/editorials in the *Edmonds Beacon* and a display ad

asking for help/suggestions for moving and a location for the building. He explained the City did not have sufficient funds to relocate or maintain the building. He suggested siting the building on the Civic Stadium property, leased by the City until 2021, noting the Edmonds School Board has expressed willingness to discuss that location. He suggested a Museum fund drive to move the building and place it on a foundation and work out with the City and other entities how to maintain it.

Cliff Sanderlin, Edmonds, thanked the City Council and Mayor for allowing more citizen input in the process than in the past. He assured the people of Edmonds were willing to help in any way possible. He offered to assist with fundraising via private sources to purchase all or part of the waterfront properties. He noted private fundraising from individuals, foundations and businesses could be very helpful in providing seed money, early studies, etc. as well as funding elements of the project.

John Reed, Edmonds, Alliance for the Citizens of Edmonds (ACE) referred to a memo they provided to the Council with facts and ideas developed via several ACE meetings and encouraged the Council to review the presentations Dick Van Hollenbeke and he made to the Council on April 1. He relayed ACE's recommendation that the City acquire the Skipper's and Antique Mall parcels, commenting acquisition was the best option as it would lead to the development of a combination of public amenities and revenue-producing attractions that would draw residents, visitors and additional revenue. Leadership by the Council, Mayor, staff and the Port would be necessary throughout the development process as well as community involvement. He referred to the list of needs that would be presented by staff, noting they should be viewed as an opportunity not a warning. He referred to staff's projection that bonding for the \$12 million cost to acquire the property would cost the owner of a home valued at \$500,000 approximately \$63 per year. He suggested consideration be given to larger bond issue to fund public amenities at the Waterfront Activity Center as well as develop playfields, sidewalks and fund other needs. He anticipated an additional \$10-\$20 million could be raised for a total cost of approximately \$190/year for the owner of a home valued at \$500,000. He summarized the members of ACE were ready, willing and able to assist the City in whatever way possible.

In light of the recent decision by the owners of the Antique Mall property to withdraw the prize money for the design contest and not reward the Edmonds-Woodway High School students who worked many hours on their design and presentation, Mr. Reed invited the community to contribute to a fundraising campaign established by ACE to replace the prize money. Donation could be sent to ACE - EWHS Design Fund, POB 1793, Edmonds, Washington, 98020.

Karen Wiggins, Edmonds, expressed her support for the City's purchase of the old Safeway/Antique Mall property and Skipper's property, noting it was her understanding there were many types of grants available. She supported placing a bond measure on the November 2008 ballot. She agreed with Mr. Oliver's comments regarding curb cuts and sidewalks, noting there were many inadequate curb cuts including one at 3rd & James as well as near the cemetery.

Natalie Shippen, Edmonds, expressed support for public ownership of the property between Main and Dayton, the railroad tracks and Sunset Avenue. She preferred the land be used for public purposes rather than commercial uses. She asked whether public land could be used for commercial purposes, and urged the City to obtain the answer to this question before moving forward. It was her understanding a municipality could not serve as a landlord.

George Murray, Edmonds, recognized the Garden Club for their efforts, noting they have an arrangement to maintain the park across from Tully's. Next, he expressed support for a bond issue for a park. With regard to the Mayor's salary increase, he was disappointed the City Council authorized this salary increase due to the message it sent to staff. He envisioned it would now be difficult for the Mayor withhold increases and/or cut staff if necessary. He pointed out there were other methods of providing the

Mayor an increase such as an annual bonus for excellent service. He relayed that the Mayor of San Diego vetoed an increase approved by the Council and asked they reconsider the matter, finding it put him in an untenable position with his staff.

Betty Larman, Edmonds, commented the Council was able to make a momentous decision by voting on the future of the waterfront. She expressed her support for purchasing the property for everyone to enjoy. She inquired about the purchase of the Old Milltown courtyard. Mayor Haakenson advised the Council and Mr. Gregg were still in negotiation.

Brian Larman, Edmonds, commented in the past five years there had been an erosion of Edmonds' character and unique ambiance. The City's codes and Comprehensive Plan seemed to be interpreted in a manner that did not meet the intent of the policy makers. He supported purchasing the waterfront property and developing something that was a designation for the community rather than just residential. He questioned the legacy Councilmembers wanted to leave – a legacy of Edmonds as a jewel of the northwest or just condominiums on the waterfront.

Robert Deigert, Edmonds, supported the City's purchase of the waterfront properties. He pointed out the importance of not allowing a few builders to control various political entities. He urged the Council, after purchasing the property, to allow the people to determine the uses. He urged the City to be careful with development downtown to avoid another Kirkland that had only condominiums and 5-story buildings. He suggested converting Harbor Square to a personalized work area that would create income for the City as well as bring people into Edmonds. He summarized the decisions the Council made with regard to the waterfront property would affect the City for the next 100 years.

Larry Pauls, Edmonds, echoed the previous comments regarding purchasing the waterfront property, commenting it was unfortunate the most aggressive building approach was on the Skipper's site which was immediately adjacent to the waterfront park. He suggested researching a way to allow the developers to build in an area that was not as critical as the area between Main & Dayton.

Linda Bontecou, Edmonds, expressed support for purchasing the Antique Mall and Skipper's properties. She recalled the saying – location, location, location – noting everyone knew this was the perfect location in Edmonds. She pointed out the Edmonds-Woodway High School students' presentations eliminated negativity and made people think about possibilities – a jewel for all. She encouraged the Council not to miss this opportunity and to have the vision to make this a wonderful place for Edmonds.

Joan Bloom, Edmonds, relayed 10 members of ACE met to discuss a vision for the Waterfront Activity Center; a summary of this vision was emailed to the Council. Their review of the two scale models created by the Edmonds-Woodway High School students and the committee's discussion led to many commonalities including a low level design within current height limits; an innovative and progressive design throughout the properties; environmentally sensitive and attentive to the properties' constraints such as regular flooding and proximity to the railroad tracks; easy to reach by foot, bicycle, or shuttle; easy to reach downtown and the Arts Corridor and connected to the neighborhood by shuttle, walkways, bike paths; a lot of indoor/outdoor areas; services and activities that appeal to all age groups and interests; welcoming and accessible; draw visitors from throughout the region and country; and provide so much to do, see and purchase that it would generate a great deal of revenue, and a place everyone wanted to come because it was so much fun. She noted many of the ideas they developed were in the notes of the WG33; it was the designs by LMN Architects that the community objected to, not the ideas they were based on. She encouraged the Council to embark on a visioning process to create a world class Waterfront Activity Center and assured it could be done.

Richard Senderoff, Edmonds, supported development of the waterfront area for public use, comparing the possibilities and financial benefits to the recreational uses available on the Jersey-Delaware shore. He envisioned development could occur in three ways, 1) a developer driven Master Plan, 2) a City-driven Master Plan, and 3) the City purchase all or part of the properties. He found it unreasonable to allow a developer to purchase property and only develop it if the zoning were changed to meet their needs which held the City and community hostage. Although he found a City-driven Master Plan more acceptable than a developer-driven Master Plan, he was concerned it would put the Council and Mayor between the community's interests and the developer's interests and lead to a costly and extended debate. The only reasonable solution was for the Council to find a way to purchase the property and develop it using citizen input in a manner that attracted visitors and generated revenue.

Bill Angle, Edmonds, commented this decision was critical as it would impact the physical space and sense of community for 50-10 years. He observed there was no ongoing support for the plans that arose from the earlier planning process. In earlier comments he raised the question whether the City should purchase all or a portion of the properties and had concluded along with many others that acquiring the property was the best option to ensure the properties were developed for the long term benefit of the citizens of Edmonds. He noted the first step was an appraisal; he was not overly concerned about the property being too expensive in view of the height limits, setbacks, parking requirements, etc.; physical constraints such as the high water table, adjacent railroad tracks and Puget Sound; ferry lines on SR104, etc., as well as the political constraints with regard to increase building heights and greater density. Due to these constraints, he anticipated the appraisal would find they were significantly less valuable than the owners believed them to be. He concluded the City had the elements necessary to create a great future for the City and community; acquiring these properties was critical for community building. He looked for the Council and its strong leadership in making this public/private approach a reality.

David Page, Edmonds, commented things either grew or they died; the idea of a waterfront development was growing daily. He recognized there were problems on Lake Ballinger, Meadowdale, Hwy. 99 and suggested creating a bond issue large enough to fix many of the problems in Edmonds. He recalled the uproar over the \$9.5 million bond to construct the Public Safety Complex and \$4 million to purchase the City Hall building. He noted today, 13 years later, those buildings were worth approximately \$50 million. He recalled the Public Safety group had to raise \$9,000 to put the bond issue on the ballot and expressed his willingness to donate to this effort. He pledged \$500 toward replacing the prize for the waterfront design competition.

Jack Jacobson, Edmonds, commented when the property owners purchased the waterfront property, they knew there were restrictions; when their efforts to change the building heights were unsuccessful, they offered the property for sale. He expressed dismay with the property owners' withdrawal of the prize from the design competition.

John Hall, Edmonds, expressed his faith in the Council and urged them not to give the developers the ammunition to shoot the golden goose.

Brian Pettoletti, Edmonds, a business owner in Edmonds, commented change was enviable and people either watched it or were part of it. Now was the time for change and he urged the Council not to let the process get in the way of progress.

5. **DISCUSSION AND POTENTIAL ACTION REGARDING THE DOWNTOWN MASTER PLAN AREA - WATERFRONT ANTIQUE MALL, HARBOR SQUARE AND SKIPPERS PROPERTIES**

Community Services/Economic Development Director Stephen Clifton described the series of events that led to tonight, specifically the continued effort by the Council to explore options for redeveloping the

Downtown Master Plan Area as identified in the City's Comprehensive Plan, the area also known as the Port of Edmonds Harbor Square, Antique Mall and Skipper properties and the WSF parking lot.

Following discussion at the 2008 City Council retreat, the Council conducted two public meetings on March 25 and April 1, 2008. During the March 25 meeting City staff presented information on the existing redevelopment framework as established by the City's Comprehensive Plan and Zoning Code. Following presentations by City staff, Mark Hinshaw, LMN Architects, presented information on the national and regional phenomenon of people choosing to move into and near downtowns. He also spoke about the redevelopment opportunities and/or constraints of subject area. The next group of presentations were given by the owners of Harbor Square, the Antique Mall and Skipper's properties.

On April 1, 2008, the public was invited to share comments or ideas on the potential redevelopment of the subject area. The City Council then discussed possible next steps following the public comment period and at the conclusion of the meeting, the Council asked the Council President to work with staff to bring the issue of Downtown Master Plan redevelopment back to the City Council.

After meeting with the Mayor and City Staff, the City Council President requested City staff present the following information at the May 27, 2008 City Council meeting:

1. The necessary steps if the Council wanted to control all or a portion of subject properties with a city driven master plan
2. Council control over all or a part of subject properties with an applicant driven master plan
3. The necessary steps if the Council wanted to control the property by buying some or all

Additional information requested included City Staff's recommendations should City Council decide to purchase all, or a portion of the subject properties (Antique Mall, WSF parking lot and Skipper's properties), as well as information on unfunded high priority projects.

Planning Manager Rob Chave explained the Downtown/Waterfront Activity Area was a much larger area in the Comprehensive Plan, from Pine Street to 9th to Caspers, primarily the bowl area and the hill. The "Downtown Master Plan" area was part of the Downtown/Waterfront Activity Area and defined as three properties - Harbor Square, the old Safeway/Edmonds Shopping Center and the Skipper's property. The current Comprehensive Plan differentiates the downtown district and emphasizes the importance of master plane-based redevelopment. The current Comprehensive Plan direction includes, 1) linked open space/public areas along waterfront "esplanade," 2) view corridors and downtown/waterfront pedestrian connections east-west and north-south, 3) master-plan based redevelopment of key areas, and 4) support compatible design of regional facilities (transit, parks and walkways, port).

Development Services Director Duane Bowman reviewed Comprehensive Plan implementation choices under the existing Plan versus a changed Plan. Utilizing the existing plan, one of the available process options was zoning unchanged; implementation would be either a Master Plan or Contract Rezone utilizing the existing zoning that was publicly or privately driven or developing under the existing zoning. The second available process option utilizing the existing plan was a zoning amendment; implementation could be via a new zone, creating an overlay zone, or a minor zoning amendment.

Under a change to the existing Comprehensive Plan, there were three options, planned action, subarea plan or modify/clarify existing policies. He explained implementation of a planned action would require a Master Plan and SEPA. He explained the planned action was the most expensive and most detailed of the options. It involved developing a master plan for the subject property that considered all the environmental issues, traffic, stormwater drainage, building design, etc. as well as SEPA. Once that process was complete, someone could propose a development and would not be required to complete the detailed review process as it would already have been done. Implementation of the subarea plan for the

property was a zoning change and/or design overlay. Modifying/clarifying existing policies would require a Zoning Code amendment/design standards to implement the changes.

He reviewed options for implementation of the existing Comprehensive Plan:

- Develop subject properties under existing zoning
- If there is a desire to provide flexible development standards, other than what current exists, a new zoning district could be established which includes new development standards
- An applicant could initiate development of master plan and proposes related zoning code provisions, followed by a request for a contract rezone to implement the proposed plan.

He noted master plans must be consistent with the Comprehensive Plan goals and policies for the area.

Opportunities under the no change to the Comprehensive Plan:

- Focus on implementation
- May be easier to accomplish redevelopment within a shorter timeframe
- Minimal out of pocket costs to City/public
- Flexibility of master plan option allows for creativity
- Individual entities may proceed at their own pace as they are willing/ready
- Voluntary partnerships are possible, but optional.

Weaknesses of a no change to the Comprehensive Plan approach:

- Only as good as existing regulatory framework
- General plan language provides for many options but less certainty of acceptance/approval
- Current zoning and ownership pattern may not result in what the public or City ultimately wants

Opportunities with a Comprehensive Plan amendment:

- Very public process; implementation predictability
- City can serve as “glue” holding interests together and provide link between Comprehensive Plan and implementation
- Opportunity to involve major public interests who own property in the area: Sound Transit, WSF, Port
- Provides potential to look at options not current on the table: land swaps; transfer of development rights; property mix of private and public development options
- Opportunity to develop key environmental information and public/private funding options needed for an overall master plan implementation program

Weaknesses with a Comprehensive Plan amendment:

- Must have willing participants
- Takes time

Administrative Services Director Dan Clements commented one of the problems was the property acquisition costs were unknown but a voter-approved bond issue would be required to acquire the properties. He displayed an aerial photograph and provided the Snohomish County assessed value of each property:

Skipper's property (owned by Bob Gregg):	\$ 1,181,000
WSF parking lot:	\$ 1,180,400
Antique Mall/old Safeway (owned by Al Dykes):	<u>\$ 9,738,900</u>
Total assessed value:	\$12,100,300

He described property tax impacts of a 20 year bond @ 5% annual interest, explaining for a principal of \$12,100,000, the annual payment would be \$970,959 and the impact on a \$500,000 home approximately \$64/year. He clarified these were not the costs that would be included in a bond issue as they did not

include demolition, environmental or maintenance/operational costs. He reviewed potential project caveats:

- How does this rank with other projects?
- Is this the most important issue to take to voters? Election costs of \$80,000 - \$125,000. Purchase and Sale agreement would be based on voter approved bond amount to fund the purchase
- Use not yet determined: affects type of bonds, interest rates, and budget. Difficult to determine the type without a determined use
- Owners have not agreed to sell for assessed value
- Significant issues with condemnation; condemnation requires a public purpose

Mr. Clements reviewed the path to purchase:

1. Determine use which determines type of bonds and ballot title
2. Determine what parcels to buy
 - Triggers appraisal and environmental assessment
 - Determine property owner expectations
3. Determine funding: voter approved
 - a. Bond Issue: 60% approval required
 - b. Levy lid lift: 50% approval plus one
4. Purchase and Sale/First Right Offer
 - Contingent on voter approved funding clause
5. Place before voters

Mr. Clifton reviewed City staff's recommendation should the City Council decide to purchase all or a portion of the subject properties:

1. Determine how purchase of property fits within the City's high priority needs. He highlighted examples of unfunded high priority projects, estimated costs and possible funding sources including ongoing building maintenance projects (\$200,000/year), ongoing transportation improvements (\$500,000 - \$1 million/year), aquatic center (\$10-\$40 million), parks and facilities maintenance building (\$3-3.5 million), Senior Center building (\$4-\$10 million), civic playfield acquisition (cost unknown), former Woodway High School playfields (\$12 million), Fire Station 16 (cost unknown), 4th Avenue Cultural Center (\$10 million), Boys & Girls Club Building (\$5 million), Wade James Theater (\$5 million), etc. He summarized if a bond issue to purchase the waterfront properties were placed before the voters, a decision would need to be made whether to have it be a standalone item or with other unfunded, high priority needs.
2. Include within 2009-2011 budget process
3. Conduct due diligence activities
 - Clearly define public purpose basis for purchase at the earlier possible point
 - Vet use with bond counsel prior to election
 - Perform environmental review
 - Conduct appraisal
 - Prepare "planned action" (outlined in May 22 memo from City Attorney Scott Snyder)

Councilmember Dawson referred to public comment and staff's question regarding combining this purchase with other high priority unfunded needs including an aquatics center. She asked whether the old Woodway High School or the waterfront properties could be sites for an aquatic center. Mr. Clifton answered they could be potential sites; however, a preferred site had not yet been identified.

Councilmember Dawson commented improvements to the Senior Center would be an appropriate item to combine with a bond for the purchase of the waterfront property as it was adjacent to these parcels. She noted several of the options required a willing property owner and asked whether the property owners had

been approached regarding selling their property or partnering with the City. Mayor Haakenson advised he emailed Mr. Gregg and Mr. Dykes 10-14 days ago asking if they were interested in selling their property and neither had responded.

Councilmember Dawson commented transfer development rights or land swap may make the property owners more willing to sell their property or partner with the City. She asked whether that topic had been broached with the property owners. Mr. Clifton answered it had not. Councilmember Dawson asked whether development with the Port via land swap of Harbor Square had been broached with the Port. Mr. Clifton answered in concept that was a possibility and conversations had been held with the Port but no decision had been made with regard to pursuing that option.

If it was decided the existing Comprehensive Plan met the community's needs, Councilmember Dawson asked whether there was a way to pursue a master plan/SEPA process under the existing Comprehensive Plan or would it be better to change the Comprehensive Plan. Mr. Bowman answered it was likely that a change to the Comprehensive Plan would be required. The current Comprehensive Plan policies were quite broad and gave a wide range of opportunities for development. If the Council had an idea regarding what they wanted to see on the site, it would be preferable to modify/strengthen the policies to reflect that direction.

Councilmember Dawson commented the next steps could not be determined until the City ascertained whether there were willing property owners as all the processes depended on that or the developer submitting a proposal under the current regulations. Mr. Bowman advised if the existing private property owners wanted to develop under the existing code, there was little the City could do as long as they followed the existing code.

City Attorney Scott Snyder commented via a partnership, public money could be used for public purposes and the City could partner with a private developer to accomplish a mixed use project. If the City utilizes its condemnation powers, it can only be for a public purpose and private uses could only be incidental. The City would be required to show very refined plans to illustrate it was purchasing exactly what it needed and if there was some land left over, the courts were somewhat forgiving if there was a strong plan. Before contacting the property owners, he noted it was essential to determine the use and purpose.

Councilmember Dawson commented the City could purchase the property and then partner with a willing developer or pursue a joint purchase with a private developer other than the current property owner. Whether the Council intended to pursue condemnation or a bond, Mr. Snyder emphasized that staff needed to know the use of the property. Councilmember Dawson suggested contacting the existing property owners to determine their interest in selling the property and then determine what uses the public wanted on the properties. If the Council was interested in pursuing condemnation, the property could not be used for restaurants and/or retail because those uses were not defined as a public purpose. Mr. Snyder agreed, noting some incidental use was allowed.

Councilmember Dawson emphasized if the public's interest was in revenue-generating uses, condemnation was not an option. Mr. Snyder agreed, noting the uses would also determine the type of bond financing. Councilmember Dawson commented with a willing seller, commercial uses would be possible, depending on the type of bond used to finance the project. Mr. Snyder agreed that was true for a portion of the cost; to estimate the other costs such as environmental, infrastructure, transportation, etc., a use must be determined. Councilmember Dawson summarized depending on how the property was acquired, the uses may be more limited. Mr. Snyder explained condemnation was a complicated and involved process and did not result in any deals as the City paid costs; a negotiated sale was almost always preferable. He acknowledged condemnation was the City's "hammer" for acquiring property for purposes the Council deemed appropriate. He noted there were defined public purposes and the

Washington State Constitution was more restrictive than the federal Constitution with regard to public purpose.

Mr. Snyder preferred to have as much of the work done in term of environmental assessment, infrastructure assessment and purpose before the bond issue because significant delays in the form of environmental appeals could result in construction cost escalation and could kill a voter-approved project because there would be insufficient funds available. Therefore it was important to get as much of the process completed via planned action and review. He reiterated the recommendation in his memo that the City review its Critical Areas Ordinance and SEP provisions.

Councilmember Dawson asked whether review of critical areas on private property required a partnership with the property owner. Mr. Snyder answered many Puget Sound communities were using scientific data to review critical area maps. He noted there had been four flooding events at the intersection of Dayton & SR 104 in the past ten years; if the global warming reports are even moderately correct, greater frequency of flooding could be assumed. Councilmember Dawson asked whether flooding would impact the price of the property. Mr. Snyder agreed it could, noting it could also affect some of the uses currently allowed in the Comprehensive Plan. Mr. Snyder explained his focus was on public infrastructure costs so that it was clear this process was not intended to deflate the value of the property but to adequately assess what the City's cost would be.

Councilmember Dawson inquired about a city on the east coast that condemned property for private development. Mr. Snyder advised the U.S. Constitution permits condemnation for a broad public purpose that can include redevelopment; purchasing blighted areas with resale to a private developer for redevelopment because without the use of condemnation powers, it was difficult to acquire large blocks of parcels that may be necessary for private development. That is not possible in Washington State. For example, when Seattle was purchasing Westlake, their initial plan was to buy 100 acres and resell it to private developers. The Supreme Court struck down that project, stating while there could be some incidental, private use of property acquired via condemnation, but it must be incidental.

In a later case, Washington State Trade Center, the Center had a very specific public purpose but ended up with 20% of the property resold to private developers. The Washington Trade Center was designed to have a large, unimpeded display space which allowed them to show the court they did not acquire anything more than they had to acquire and what was left over was available because of the topography and how the ownership was divided among private property owners. He summarized if the intent was to use condemnation, the City should not enter into the project assuming they would sell a portion. He in condemnation, the public use must be carefully defined. The first step was passage of a condemnation ordinance; the second step was a public use and assessment hearing. At both stages, it was important to have the public purpose clearly identified. The public purpose would also determine the type of bond.

Councilmember Dawson asked about renting. Mr. Snyder answered concession agreements were a common part of many park projects and could be considered an incidental use in support of a park. Councilmember Dawson recognized a use could be incidental to a park but condemnation could not be used if the primary purpose was shops and restaurants. Mr. Snyder agreed that would be very difficult to justify. Councilmember Dawson referred to the River Park Square Development in Spokane which although it did great things for Spokane, was found not to be a public purpose.

Mr. Snyder advised there was a list of public purposes in the statutes that controlled local government condemnation powers. He referred to a recent case in Cowlitz County where the County attempted to condemn a culvert for salmon recovery. Although required by federal law, counties do not have the ability to condemn for salmon habitat. Councilmember Dawson pointed out the uses on the site would not be limited with a willing seller.

Council President Plunkett commented the steps appeared to be, 1) determining the public purpose and 2) appraisal, environmental and construction costs. With regard to the public purpose, Council President Plunkett read the following from the Comprehensive Plan, 1) in Edmonds the economic benefit of the parks systems element include attracting tourism, highlight cultural elements of the downtown shopping core, accessibility, pedestrian friendly, design of waterfront parks, public art, development of cultural facilities, 2) the community has expressed an interest in enhancement of new multiple purpose arts facility for visual arts, support also expressed for public gathering spaces that may be used for visual art forms, and 3) identified as a cultural designation. He asked whether the existing Comprehensive Plan would meet the first step of determining the public purpose. Mr. Snyder responded the sections Council President Plunkett cited were true and valid public purposes but were general public purposes; the question was what would be located on the site. In order to determine the cost, the City must have some idea of what would be on the site and in what priority; otherwise, the numbers would be very soft. He envisioned a public process to define the public uses while the preliminary environmental assessments, etc. were being conducted. He summarized a lot more detail would be necessary before a bond issue was prepared, before the bond council drafted an ordinance, and before a condemnation ordinance could be drafted. Council President Plunkett asked whether a cultural center would be a valid public purpose. Mr. Snyder answered it was; further detail would be required before a bond amount could be determined.

Councilmember Wambolt pointed out of the property taxes residents paid, the City received only approximately 20%. There were other entities with demands on taxes including the Hospital District who would soon be seeking a great deal of money to upgrade their facility either via partnership with another hospital or voted taxpayer debt. He noted that was likely to be more costly than any other item on the list of unfunded high priority projects.

Councilmember Orvis asked whether the funds from a levy lid lift could be allocated specifically to this project. Mr. Clements answered the City would be required to do so; the levy must be lifted for a specific purpose. Councilmember Orvis clarified a future Council would be bound to maintain those funds for that purpose. Mr. Clement agreed. Councilmember Orvis asked whether a levy lid lift would allow the City to raise funds for maintenance. Mr. Clements answered a maintenance levy would be required.

With regard to determining uses, Councilmember Orvis asked whether at this stage it would be appropriate to identify major uses and staff could provide details regarding the elements. Mr. Snyder answered precision was not necessary at this level; he assumed a list of uses would be refined via a public process in conjunction with unfunded projects to determine a bond amount. Mr. Bowman advised a public master plan could be developed that defined the public uses for the site. Another option if there were willing sellers was a master plan/planned action that would identify the amenities the public wanted as well as recognize the desires/needs of the private property owners. The advantage of a planned action was once it was completed, a developer could submit a development proposal and proceed through the process without SEPA, etc. and the property could be developed in accordance with the planned action.

Councilmember Bernheim agreed the Council needed a general idea of what they wanted to accomplish before conducting any preliminary negotiations with the property owners. He found the Washington Trade Center example interesting as it approximated in many relevant ways one of the plans developed by the students, covering the property entirely with a park on top and office and commercial space beneath that could be used for parking, municipal offices, farmer's market or indoor park space all of which were permissible purposes under the terms of the condemnation statute. His review of the Washington Trade Center case led him to believe it would be easy to justify the space under a park for use by the City or leased to restaurants, etc. Mr. Snyder agreed that may be possible with careful planning.

Councilmember Bernheim asked the cost of the EMS levy election. Mr. Clements estimated the cost was \$80,000 - \$125,000; the City shared the cost with Edmonds School District.

Councilmember Bernheim asked whether the appraised value of the Antique Mall property could be lower than the assessed value in light of the commercial impact of the railway, traffic circulation and the flood proneness of the area. Mr. Clements answered it was possible but unlikely. Councilmember Bernheim asked whether there had ever been any objections by the property owner to the \$9 million appraisal. Mr. Clements recalled the property owner indicated last year they would sell the property for \$16 million. He noted a great deal of study would need to be done before a lower appraisal was a possibility. Further, the railway could be considered a transportation advantage to residents in a development. In Kent, the proximity to the railway has raised property values. He acknowledged the flooding may impact the property's values. Councilmember Bernheim recalled in discussion with the Port regarding structured parking, they indicated pumps would be required to remove water from the lower floors. Mr. Clements commented even if the appraised value were lower, the net would be nearly the same due to the amount of environmental study that would be required.

Mr. Snyder explained staff's intent was to use current scientific data to reevaluate critical areas provisions and the SEPA map and those regulatory efforts would provide a generalized framework, the critical area ordinance, and a specific tool, the SEPA process, to evaluate specific projects. Those would provide a better framework for discussion with an appraiser than flood history.

Councilmember Bernheim asked about how the condemnation process and voter approval of a bond would coincide. Mr. Snyder answered there were some steps that could be conducted parallel. He suggested getting the work done and if the bond issue passed, proceeding with condemnation. The first steps in condemnation were, 1) passage of condemnation ordinance by the Council and 2) a use and necessity hearing before the court. If a valid public purpose was determined, in most cases the court gave possession of the property to the City with the value to be determine in the court proceeding. The first steps, physical acquisition of the property, come quickly; the determination of value may take longer. Thus the importance of ensuring the amount of the bond measure was the amount necessary.

Councilmember Bernheim referred to the estimated cost of the 4th Avenue Arts Corridor on the unfunded high priority projects list. Mr. Clifton answered that amount was an estimate; that streetscape project included subgrade and infrastructure work.

Councilmember Dawson asked what would happen if the bond measure passed and a use and necessity hearing failed. Mr. Snyder answered he hoped that would not happen; however, the Council could pass another condemnation ordinance and redefine the purpose. Overall he did not see anything in the Comprehensive Plan that was not doable as long as it was properly planned; the only controversial items were the potential resale or public/private partnerships. The basic purposes in the Comprehensive Plan as cited by Council President Plunkett had counterpart public uses in the condemnation statute.

Councilmember Dawson agreed a public use could be determined for the site; however, the difficulty may be proving the necessity of that public use on these particular parcels. Mr. Snyder replied the court gave a great deal of deference to the Council's selection of a site for a park. For example public open space should be included as a use in any condemnation ordinance for that area because the City may find they did not have sufficient funds for development and it may require a phased development plan. Councilmember Dawson emphasized part of the issue was that this location was key to the City. She questioned whether the City needed to acquire the property or if transfer development rights could accomplish the same goal without the City acquiring the site.

Councilmember Dawson agreed with Mr. Snyder's recommendation that the Council review its Critical Areas Ordinance, SEPA provisions, flood maps and other City planned policies based on global climate change and inquired about the cost for that review. Mr. Snyder estimated \$200,000 to \$400,000 over a two year planning horizon. Councilmember Dawson noted that was the first step before pursuing any of the paths and asked if the Council should budget for that in the next budget cycle. Mr. Snyder answered many Puget Sound cities have begun this review and due to Edmonds' topography and location, the City needed to conduct this review. If the Council was moving ahead with a purchase plan for an area that may be affected, the City could get double duty from the investigation by building it into the process. Councilmember Dawson summarized the City needed to conduct this review regardless but it was an important first step in this process as well.

Councilmember Dawson also agreed with Mr. Snyder's recommendation that the Council adopt the Washington Administrative Code (WAC) provisions for planned action review. Mr. Snyder noted the SEPA provisions were included by reference; the Council could have the Planning Board hold a public hearing and forward a recommendation to the Council or they could be adopted via an interim zoning ordinance.

Councilmember Dawson commented a planned action with a willing participant may negate the need for the city to purchase the property. Mr. Bowman agreed, noting the private property owners and other public entities such as WSF, Sound Transit or Port could work with the City on transfer of development rights as part of a master plan. Councilmember Dawson commented there were a number of possibilities via transfer development rights whereby the City would have more input on the development of the waterfront property due to its importance and the developer could develop another site whose features were not as key to the City. Mr. Snyder pointed out Parcel 2 was a state owned parcel and would require negotiation as it could not be condemned. Councilmember Dawson agreed the City would not acquire that parcel but there was the possibility of a joint development.

Councilmember Dawson agreed the appropriate first steps were to review the Critical Areas Ordinance and SEPA provisions, noting many of the issues could be double-tracked. If the primary goal was to have private development in conjunction with open space, perhaps a planned action was more appropriate due to the difficulty with condemnation if part of the primary purpose was revenue-generating. Mr. Bowman agreed, noting at the conclusion of a master plan and a planned action process, the private property owners knew what could be done on the property and they could submit a proposal in accordance with that process. Councilmember Dawson noted another option was the property owner could develop elsewhere via a land swap or transfer development rights.

Councilmember Dawson expressed interest in determining whether the property owners were willing participants because if they were not, that limited the paths the City could pursue. Mr. Bowman agreed it would be intriguing to determine whether they were interested in any of the options discussed tonight. He explained a master plan process was a very public process as was a public/private partnership. Councilmember Dawson posed a scenario where the property owners were interested and the process proceeded and did not work out. She asked whether the Council could still pursue acquisition via a willing seller or condemnation. Mr. Bowman agreed they could.

Mayor Haakenson commended staff for the information provided in their presentations.

COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER BERNHEIM, TO EXTEND THE MEETING UNTIL 10:30 P.M. MOTION CARRIED UNANIMOUSLY.

Councilmember Dawson expressed interest in staff returning with a proposal for the ordinance updates as recommended by Mr. Snyder as well as determining whether there was any funding available this year rather than waiting until the budget process to identify funding. She also requested Mr. Snyder bring the

WAC provisions to the Council for adoption. She asked staff to enter into a dialogue with the property owners and report to the Council regarding their interest in partnering with the City because without that information, the Council was constrained in their next steps. Mayor Haakenson advised Mr. Gregg indicated he would provide a response but assumed he was waiting until after tonight's meeting; Mr. Dykes did not respond.

Councilmember Dawson was intrigued by the idea of transfer development rights or land swap which had the potential for a win-win situation where the City did not have to invest millions in a project and could still achieve what the public wanted. She acknowledged it may not be possible but it was a route worth exploring as well as determining the private property owners' interest in selling the property. That information would help determine uses on the properties. She observed most of the public supported a development with some retail component and not just a park, a use that would be very challenging via condemnation or low interest bonds. She preferred a partnership with the private owners which would provide more of what the public wanted than could be achieved via condemnation. She was not a fan of condemnation unless it was strictly necessary.

Councilmember Bernheim agreed it was important to get the owners' cooperation and it was appropriate to have staff explore that with them. He suggested a Councilmember accompany staff. Mayor Haakenson suggested two Councilmembers meet with the property owners. Councilmember Bernheim found it premature for the Council to make any decision tonight regarding how to proceed as there was a great deal of information to digest. Mayor Haakenson asked Mr. Gregg and his attorney to respond to him at their earliest convenience.

Councilmember Wilson commented the transfer of development rights was a tricky issue. He suggested inviting Cascade Land Conservancy to discuss that option with the Council. He noted there had been a great deal of public engagement on this topic and he was at a loss what to do with all the great feedback. He questioned when the Council would make a decision and preferred to take some action soon. He suggested asking for an appraisal and/or conducting a commissioned survey to determine what amenities the public wanted on the site. He supported including funds for a number of projects in any future bond issue. He estimated the cost of a bond to purchase the three waterfront parcels (\$12 million), development costs (\$20 million), maintenance and operation levy (\$1.7 million), and additional capital projects (\$16 million) would cost taxpayers approximately \$29.50 per household per month. He asked whether the Council felt that was a reasonable number that the citizens would support. If the citizens did not support that additional amount, the Council could skip the acquisition process and pursue a master plan process.

Councilmember Wambolt pointed out the numbers staff provided were based on the average cost of a home in Edmonds, \$461,000; the amount would be significantly higher for homes with higher values. He preferred to determine the private property owners' intentions before proceeding further. He noted Mayor Haakenson, Mr. Clifton and he were meeting with the property owners this Thursday.

Council President Plunkett agreed with Councilmember Wilson's interest in making a decision. He pointed out the Comprehensive Plan addressed what the citizens wanted and had been developed with years of effort and public input. He did not need a survey because he knew what the people of Edmonds wanted and felt the people of Edmonds would support something akin to what was described in the Comprehensive Plan. He concluded a gathering place that drew people from downtown would be a good economic engine and would create the synergy that the City needed. He envisioned that could be accomplished by acquiring the property and supported giving the people of Edmonds an opportunity to vote on a bond to acquire the property.

Councilmember Orvis was encouraged by the numbers staff provided which opened the possibility of considering an aquatics center. He agreed it was in the City's best interest to work with the property owner to reach an agreement on the price and what portions of the property would be used for private and public purposes. He agreed with staff that the Council needed to identify the uses before the bonding phase. He favored an aquatics center, open space, and commercial on the site and urged the Council to reach a decision with regard to the uses to allow the process to move forward.

Councilmember Wilson expressed interest in an aquatics center, a family recreational center, commercial and open space on the site.

Councilmember Olson emphasized the need to develop specifics before presenting a bond measure to the public.

Councilmember Orvis agreed elections were expensive but elections were a post-Eyman reality. If a large bond issue was proposed and failed, he would be in favor of scaling back the project and presenting it to the public again.

Councilmember Dawson inquired about the timing for the aquatics center feasibility study. Park and Recreation Director Brian McIntosh anticipated a consultant would be hired by the end of August and depending on the scope of the study, it could be completed in late fall. Councilmember Dawson commented there was interest in an aquatics center but the results of the feasibility study were needed before a bond measure was proposed to the voters. Mr. McIntosh noted the size of an aquatics facility was also a factor.

It was agreed staff would provide further information at the June 24 meeting as three of the seven Councilmembers would be absent from the June 17 meeting. Councilmember Dawson suggested staff provide Councilmembers updates in the meantime.

Councilmember Wilson suggested the Council pass a resolution indicating the Council was serious about considering the purchase of these properties. Mayor Haakenson commented it was pointless to pursue the matter further until the property owners' intentions were known.

Council President Plunkett advised he was prepared to pass a resolution stating that intent, due to his belief that the people of Edmonds wanted the Council to purchase this property. He expressed his thanks to staff for the information they provided.

Councilmember Dawson observed a majority of Council had given fairly clear direction to staff regarding their interest in doing something that would result in master planning of the properties and either a purely public development or a public/private partnership. She noted the lack of knowledge regarding next steps had the potential to drive a wedge between Councilmembers, a dangerous possibility at this stage.

Councilmember Wambolt commented he was not convinced the people of Edmonds wanted the Council to purchase the property. Clearly the people who have provided public comment want the Council to purchase the property but he questioned what percentage of the City's total population those people represented. He recalled at the recent community meeting held by Mayor Haakenson at Edmonds Elementary, attended by approximately 24 people, none of them had any interest in purchasing these properties. He concluded it was premature to assume that a super majority of City residents (60%) wanted to purchase these properties.

Mayor Haakenson suggested if there was interest in pursuing an aquatics center, open space and commercial on any of the properties, the Council also include a new Senior Center or at least \$4 million for renovations.

6. COUNCIL REPORTS ON OUTSIDE COMMITTEE/BOARD MEETINGS

Council President Plunkett reported the Outreach Committee had several new members. One of the Committee's ideas was to have a Question of the Month on the City's website.

Councilmember Wambolt reported the Port had a presentation from the Edmonds-Woodway High School students regarding their designs for development of the waterfront property. He noted although their designs were excellent, there was no economic analysis. The Port also discussed the high vacancy rate at Harbor Square and ways to attract tenants. The Port reviewed their first quarter operations of the marina that indicated the financial results were very good given the state of the economy. At tonight's meeting, the Port was considering a resolution similar to what the Council adopted regarding Stevens hospital not relocating. The Port also reported their May 23 retreat was the best one ever.

Councilmember Wilson reported a Snohomish County Cities and Town's meeting that Councilmember Olson, Senior Executive Council Assistant Jana Spellman and he attended included a presentation regarding affordable housing and tools cities could use to support that type of development. Today's meeting of the Lake Ballinger Work Group was well attended and there was broad agreement on an Interlocal Agreement that would allow the group to access the funds provided by the State. He noted there was also the potential of some funding from the U.S. Army Corp of Engineers. The Group's next meeting will be held on July 15. He advised the Interlocal Agreement would be presented to the Council soon.

Councilmember Olson reported SeaShore was provided an update from Sound Transit.

Councilmember Dawson advised she attended Sound Transit's open house last week on behalf of the Sound Transit Board. She relayed that recent polling indicates citizens want something done faster which was the reason for the 12 year plan. However, via the 12 year plan, light rail only reaches Northgate. People at the open house learned insufficient revenue was raised in Snohomish County to pay for light rail to Snohomish County in that 12 year period because state law limits Sound Transit's taxing authority. It was also explained at the public hearing that light rail was phased over 12-20 years. In response to her question at the public hearing regarding how many would support a ballot measure that would bring light rail to Snohomish County, all but one person raised their hand. When asked how many would support a measure that bring light rail only to Northgate, only three people raised their hands. She noted people wanted a light rail package that brought light rail to Snohomish County and did not want to mix increased bus service. She noted 95% of the cost of the 20-year proposal that brings light rail to Ash Way was light rail, the remainder for Snohomish County was Sounder stations in Edmonds and Mukilteo.

She advised a presentation on the proposals would be made to the Sound Transit Board on June 3 and the Board would accept public comment at that meeting. She encouraged the residents of Edmonds to attend the meeting and provide input. The Sound Transit Board would be provided all the feedback from the public meetings at their June 27 meeting; staff did not anticipate the Board would be voting on whether to have a 2008 ballot measure until the end of July.

With regard to the Cities and Town's presentation on affordable housing, Councilmember Dawson advised Snohomish County was doing a great deal of work on affordable housing measures to support the work of the Housing Consortium. The Affordable Housing Action Plan will be unveiled at the Housing Consortium's June 5 meeting and she encouraged Councilmembers and the public to attend. She noted the Plan relied on cities taking part in the production of affordable housing.

Councilmember Orvis displayed a graph of deaths per 1,000 from infectious diseases in the United States, noting the Public Health Board has played a major role in the downward trend of deaths from infectious diseases. For example the Public Health Board enforces the regulations that force a property owner to clean up their property; the Public Health Board inspects septic systems to ensure they were not spreading disease; and the Health Board tracks infectious diseases such as tuberculosis to ensure people with the disease were taking their medication and to ensure anyone exposed was treated. He referred to a spike in deaths from infectious diseases on the graph from pandemic influenza, noting it was important for Public Health Boards to be prepared for those events. He advised the Health Board was anticipating a \$4.4 million shortfall next year.

Councilmember Orvis reported WRIA8 had funded conservation projects via the King County Conservation District.

Councilmember Bernheim reported the Economic Development Committee meeting would be considering programs/projects to increase economic development of the downtown area and neighborhood centers.

7. MAYOR'S COMMENTS

Mayor's
Comments

Mayor Haakenson reported he attended last week's Senior Center Board meeting, noting many citizens had already reported their interpretation of the meeting to Councilmembers. He summarized there appeared to be consensus on the Board that they needed to change their bylaws. An Edmonds attorney rewrote the bylaws and presented them for the Board's consideration. The Board has a retreat scheduled where they plan to take care of some of the issues. He provided the Council a copy of his notes from the meeting.

8. COUNCIL COMMENTS

Council
Comments

Council President Plunkett advised he would be absent from next week's meeting; Councilmembers could contact Councilmember Dawson regarding the agenda during his absence.

Councilmember Wambolt reported Mayor Haakenson, Councilmember Olson, Fire Chief Tomberg and he had a very productive meeting with the CEO and CFO of Stevens Hospital last Friday and they agreed to come to a Council meeting in June.

Councilmember Bernheim encouraged Mayor Haakenson to consider exercising the veto power with regard to the Mayor's salary increase. He invited the public to contribute to the fundraising campaign hosted by ACE to replace the prize money for the design competition by mailing donations of any amount to POB 1793, Edmonds, Washington 98020. He committed to donating \$100 to the fund. He recognized the students' hard work, noting in many ways they were single handedly responsible for what had been accomplished so far.

9. ADJOURN

With no further business, the Council meeting was adjourned at 10:47 p.m.